Starting a Travel Agency

THE INDIVIDUAL/BUSINESS/CORPORATION/PARTNERSHIP (HEREINAFTER REFERRED TO AS THE CLIENT) ACKNOWLEDGES AND UNDERSTANDS THAT THE GOVERNMENT OF MANITOBA DOES NOT WARRANT OR REPRESENT THE ACCURACY, SUITABILITY OR APPLICABILITY OF THIS (ATTACHED) INFORMATION AND ASSUMES NO RESPONSIBILITY OR LIABILITY FOR THE USE THEREOF BY THE CLIENT AND ANY THIRD PARTIES AND THAT THE INTERPRETATION, USE AND APPLICATION OF SUCH INFORMATION SHALL BE THE CLIENT'S SOLE RESPONSIBILITY.

Manitoba
Industry, Trade
and Tourism

Manitoba Industry, Trade and Tourism thank Alliance of Canadian Travel Association, Manitoba for their co-operation in preparation of this handbook.

92-02291/

TABLE OF CONTENTS

	Page
Introduction	1
The Industry	2
Legal considerations	4
Alliance of Canadian Travel Associations	6
Product Selection	8
Agency Types	11
Locations	13
Leasing	14
Starting an Agency	15
Buying an Existing Operation	15
Franchising	16
Office Design and Layout	17
Advertising and Promotion	18
Personnel	19
Training	20
Security	20
Automation	21
Financial Records	22
Summary	24
Appendix A - Operating Ratios - Table 1	25
- Balance Sheet Profile - Table 2	26
- Employment Changes	27
- Selected Operating Characteristics	28
Appendix B - Travel Trends	29
Promotional Expenditures For Tourism	30
Appendix C - The Tourism Environment	31
Associations & Trade Publications	33

INTRODUCTION

In general, travel is expected to increase as both business and pleasure travel increases. The continual growth of travel can be attributed to a variety of reasons:

1. rising disposable income
2. increasing leisure time caused by both a shorter work week and earlier retirement
3. declining cost of jet travel
4. the increase in international trade creates the need for more business travel
5. higher levels of education has helped to make people more aware of other countries and cultures, thus fostering the desire to travel.

With the increase in travel, the need for travel agents is also expected to increase. The travel agency business is not all glamour and free trips abroad. In fact, it is quite difficult, it is very competitive, and average agency net profit should be 0.75% of sales.[1] In Manitoba there are approximately 140 travel agencies competing for between $50 and $60 million in business. Inexpensive travel benefits may lure many into the business, but only those who know what they are doing manage to survive.

A travel agency acts on behalf of and receives a commission from industry principals, such as airlines, tour operators, hotels, cruise lines, railroads, and so on. The agency may have to meet certain requirements before it is paid those commissions, or given permission from the principals to handle their products. You should investigate those requirements <u>before</u> taking any steps to actually open your agency (see Product Selection, pg. 6).

---

1. Source: ACTA Manitoba (Alliance of Canadian Travel Associations)

Having an owner/manager who is enthusiastic about travel is not enough to ensure the success of a travel agency. You need an outgoing personality and the ability to introduce yourself to strangers. You need a good memory as clients are flattered if you remember their little idiosyncrasies. As well, you should always be considering new ideas for capturing business. You are a sales representative of your company and therefore, you must be competitive and in search of new business opportunities. Good business management skills are also required. An owner/manager needs travel counselling experience, and a knowledge of personnel management and marketing. Equally essential are the abilities to work with figures and to accurately predict product demands. Careful planning is of the utmost importance, for it greatly increases the probability of success.

These days entrepreneurs are finding travel more and more difficult to sell. The small travel agency must offer a personalized and professional service to gain a competitive advantage over the large travel agency chains.

In this handbook some of the key areas which must be given consideration prior to opening a travel agency are examined. Your ability to work through and develop these areas will directly affect your future success.

Should you require further assistance the Department of Industry, Trade and Tourism has a broad range of services and publications available to assist small business. This handbook should be read in conjunction with others in the Small Business Management Systems series, including the "Service Business Plan", "Marketing", and the "Small Business Finance Plan". They are available at the Business Resource Centre (see page 21 for addresses), and Library, 6th Floor - 155 Carlton.

THE INDUSTRY

The Travel industry is a very complex and interesting one.

The industry is highly regulated by different governing bodies in order to ensure ethical business practices and protect both the consumer and the supplier.

Air Canada, like most of the world's leading airlines, belongs to the major Air Transport Associations or Conferences which, in the interest of providing the public with the highest standard of quality in air transportation, impose rigid air rules of behaviour on their members.

Further to these internal regulatory bodies, there also exists, in the Province of Ontario and Quebec, provincial legislation governing the integrity of travel associated companies. This legislation differs by Province, and is designed to ensure consumer protection. It is expected that other Provinces will eventually implement legislation of this nature, and we suggest that you contact your Provincial Government for further information.

Governing Bodies

There are three Conferences which govern the conditions, rules and regulations relative to air travel.

These Conferences are:

. Air Transport Association of Canada (ATAC)
  - Governs and regulates the transportation of persons and goods wholly within Canada.

. Air Traffic Conference of America (ATC)
  - Governs and regulates the transportation of persons and goods wholly within the United States of America, and persons travelling between the United States of America and Canada/Canada and the United States of America.

. International Air Transport Association
  - Governs and regulates the transportation of persons and goods internationally.

LEGAL CONSIDERATIONS

At the present time there is no legislation in Manitoba specifically regulating the travel industry. Previously, consideration had been given to enact a legislation that was patterned after the "Travel Industry Act" in Ontario, "Travel Agents Act" in Quebec and the "Travel Agents Registration Act" in British Columbia. The enforcement of this act would have caused concern to the Alliance of Canadian Travel Association - Manitoba branch.

The Acts are primarily consumer oriented. Unlike the situation in most consumer purchases, consumers must pay for their travel service before they receive delivery of the product. They do not have the major recourse of action available to purchasers in most situations - the refusal to pay for inferior goods. The Acts are therefore designed to protect consumers. Basically, they contain four elements:

1. registration: agents must be licensed and to receive that licence they must meet a certain criterion.

2. bonding: agents must post bonds, the proceeds of which are available to those who are victimized by a default.

3. compensation fund: all agencies make an initial payment as well as some annual levy to this fund.

4. trust accounting: prepayments for travel services are deemed to be held in trust for either the principals or the customers, and are therefore not available to the agency to fund normal operating expenses.

The three Acts are not identical, nor, does any one act encompass all four elements. The information about the acts is given only as a guideline to depict what type of legislation Manitoba had considered. As portrayed here these acts require travel agencies to allot a considerable portion of their funds towards a customer protection plan. While this legislation was not completely agreeable to ACTA, the organization agreed there was a need to enact some form of protection that catered to both the travel agent and the customer. Currently, ACTA is in the process of developing a program that fills these needs.

While the program is still in the development stages, ACTA is able to give an indication of their overall objectives. At this stage of development the program has two basic objectives:

1. to be implemented nationally

2. to provide consumer protection through the user - pay theory

The user - pay theory suggests that for every financial transaction that occurs within the travel agency, the customer will pay a nominal fee.

There are other legal considerations. Thought must be given to the business structure your operation will assume. Alternatives include sole proprietorship, partnership, and incorporation, each form having its distinct advantages and disadvantages. For a more thorough discussion of this topic, consult the handbook "Forms of Business Organization".

As a business, you will be required to register your business name. This entails having the "name" you have chosen for your business searched before you incur the expense of printing business cards and stationery - just in case the name is not approved. As well, you must obtain a provincial retail sales tax number, an employer number, and register with the Workers' Compensation Board. You must also comply with other tax regulations and employer responsibilities. For a further description of your responsibilities in this area, see the handbook "Starting a Small Business in Manitoba".

The following is an article that appeared in The Canadian Travel Courier, October 29, 1989: - Legal Observations.

LEGAL OBSERVATIONS - By Gerald Heifetz and Doug Crozier

IATA-appointed agencies imposed big obligations on purchaser

It is often said that people who start or buy a travel agency don't know what they're getting into. All too often, the same can be said of travel agency purchasers who already have years of experience in the industry.

This is certainly true when one -- novice or experienced -- buys an IATA-appointed travel agency. Such a purchase must comply with IATA's resolutions. Among other things, they require the execution of a Notice of Change form by both purchaser and vendor.

This innocent-looking document is of a standard form. Often, it is signed as a matter of course without being read, or understood. Yet by its express terms, it imposed obligations on the purchaser quite beyond those most would expect.

In the first place, the purchaser:

"undertakes that it accepts joint and several liability with the (vendor) for any outstanding obligations of the (vendor) ... as at the date the (sale) takes place."

Few would expect to be putting themselves on the hook in this fashion. Yet that's what happens.

IATA wants to know it can take recourse against someone if it later discovers that its resolutions have been violated. The vendor, by definition, might be beyond IATA's reach once the deal closes. So it wants to be sure it can look to the purchaser.

It gets worse. The purchaser also agrees:

"to accept responsibility for any violation of the (vendor) of his sales agency agreement which may have occured within a period of two years immediately prior to the (sale) as if such violation were a violation of the (purchaser's) sales agency agreement where the (vendor) is employed by, or retains a financial or beneficial interest, directly or indirectly, in the agency following the (sale)."

Two years! And the responsibility is full and unqualified. As it is quite rare for any agency to be sold without either vendor take-back financing or a transitional period during which the vendor stays on as an employee, this provision would apply to virtually every sale.

Yet how many purchasers are aware of what they are taking on?

The wise purchaser would write to IATA, after the deal is signed but before it closes. The letter should ask for written confirmation that there are, in IATA's view, no outstanding violations of the sort the purchaser would otherwise be assuming.

In fact, the entire purchase should be made conditional upon the purchaser's satisfaction of any transgression disclosed by IATA's comfort letter.

As a separate matter, but for the same purpose, the purchaser should contact Bank Settlement Plan in writing to ask if it is satisfied with the agency's ticket reconciliations.

A similar condition on the purchase should also appear in the underlying agreement.

There are enough pitfalls in the ownership and operation of a travel agency. A purchaser might as well go in with eyes open.

And a clean slate.

Furthermore, you ought to determine your insurance needs before you start the business venture. The major types of insurance are:

> General Insurance: this type of coverage most often includes insurance on the assets of the business, liability insurance on premises and vehicles, fire insurance, crime and vandalism coverage, and business interruption insurance.
>
> Life Insurance: usually this coverage is placed on the lives of owners. (Often partners will purchase life insurance on each other's life in order to ensure continuance of the business.)
>
> Workers' Compensation: this is required by Manitoba law for reimbursing employees injured on the job for any loss of wages suffered as a result of such an injury.

ALLIANCE OF CANADIAN TRAVEL ASSOCIATIONS (ACTA)

The ACTA includes among its members travel agents, tour operators, airlines, hotels and cruise lines. The ACTA acts as a voice for the industry regarding government policy developments. As well, it addresses itself to internal industry concerns, such as automation, the development of professional standards, studying future trends, and professional training.

In excess of 90% of Manitoba travel agencies are members of the ACTA. This high membership is in line with the growing trend toward the "professionalisation" of the travel industry, a process that includes a development of a code of ethics and adoption of professional standards.

PRODUCT SELECTION

As noted in the introduction, a travel agency sells travel products and makes its money by being paid a commission on those sales. To properly serve your customers, you must have an adequate selection of products, just as would an ordinary retail store. In this case, you are dealing with something very precious to the customers — their holidays and their disposable income. Therefore you must have quality products which will satisfy their demands and generate return business for the agency.

The travel agency serves as a major sales force of the travel industry. As the travel industry becomes more complex, travellers are returning to the travel agency for information and advice on travel opportunities. Shown on page 6 is a chart indicating the percentage of total volume of the different facets of the industry booked by travel agents.

ESTIMATES OF CUSTOMER DEPENDENCE

ON TRAVEL AGENTS

	Estimated Percent of Total Volume Booked by Travel Agents
AIR	
domestic	50 - 65%
international	75 - 90%
HOTEL	
domestic	20 - 30
international	70
CRUISES	90 - 95
RAIL	Less than 10
BUS	Less than 10
CAR RENTALS	20 - 30
TOUR PACKAGES	
domestic	66
international	95

2

You may begin securing "products" by applying to various tour operators, airlines and railways for permission to sell their products. Tour operators, incidentally, combine various elements of a vacation (airline, hotel, rental car) and sell it as one package. They purchase in large volumes from suppliers and are thus able to offer packages for sale at prices lower than the total of the component prices (which the individual agency would have to pay). There are cases, of course, when the package is in fact not a bargain, and agencies must be on the lookout for such cases.

Suppose you start, then, by selling only tour packages and charter flight tickets. You must meet the requirements of the tour operators and airlines in order to do so. The requirements of the small tour operators will not be stringent. You will have to prove that you are operating a valid business,

---

2. Illustration reproduced from an article by Mary J. Betner and Bernard H. Booms in the Journal of Travel Research, volume xx, number 4, spring 1982.

and that their promotional materials will be prominently displayed. The same requirements will hold for charters, such as those offered by Wardair. Commissions of about 10 - 15% are earned on charter flights, and 10 - 15% on package tours.

Some tour operators may have minimum sales volume criteria that must be met before any commissions will be paid. The member airlines of the Air Traffic Conference of America publish the Consolidated Air Tour Manual (CATM) which contains price listings and selling instructions for air tour packages within the U.S.A., Canada, Mexico, Central America, and the Caribbean. As well, many tour operators publish their own catalogues and price lists, called confidential tariffs. They are made available free of charge to travel agents.

To provide the best service for your clients, and to earn the greatest returns for your agency, you must be aware of as many different travel packages as possible. You should attempt, however, to evaluate those packages and identify flaws, values, and important sales features.

The other major product that you must sell is tickets for scheduled airline flights. Commissions on such flights range from 8.5 - 12%, and commissions earned can make up as much as 75% of an agency's total sales. A complication arises because to receive those commissions the agency must be approved by the appropriate industry association. Tickets may be sold whenever the requirements of the individual airline are met, but to earn commissions, you must apply to and receive permission from the appropriate authority. There are three:

(1) the Air Transport Association of Canada (ATAC) whose member carriers can make ATAC appointments. ATAC is the association that is concerned only with domestic travel, travel within Canada.

(2) the Air Traffic Conference, ATC is primarily concerned with "transborder" travel. Since travel between Canada and the United States is not considered international, it falls under ATC. Although approval to gain commissions is not required by ATC it is important to realize that they are responsible for jurisdiction governing "transborder" travel.

(3) the International Air Transport Association (IATA). The IATA Approved Agent may receive commissions from those Member airlines who have appointed the Agent. IATA approval does not, however, mean blanket appointment by all Member airlines. In addition to being entitled to commission on the sale of international air passenger transportation, the Agent may also issue standard tickets. In Canada all ATAC appointed and IATA Approved Agents are implemented on the Bank Settlement Plan and the Agents issue standard tickets using Carrier Identification Plates issued by Member airlines individually to each Agent.

To give you an example of the association's requirements, those of the IATA are as follows:

(1) financial: the agency must have $25,000 in current assets, $25,000 in working capital (current assets less current liabilities) and net worth or equity of $35,000.

(2) premises: must be devoted exclusively to the sale of travel services, be identified as a travel agency, and be accessible to the general public during normal business hours.

(3) personnel: three staff members are required. The owner/manager must have 2 years fulltime experience in promoting and creating travel services. The other two staff members must have one and two years experience. The only exception that may be made to this is in small communities where it is difficult to obtain trained staff.

(4) security: premises must meet certain security standards concerning the safe custody of traffic documents, carrier identification plates and agents' validator plates.

Understand that you do not have to obtain this approval if you are not interested in earning commissions on scheduled airline flights or issuing your own tickets. You can deal strictly in tours and charter flights, if you wish. An important point is that an allowance is made for the payment of commission retroactive to the date of receipt of the complete application by the IATA Agency Administrator.

AGENCY TYPES

One decision you will have to make about your agency concerns the range of services you will offer. The small agency usually deals with a specific clientele, offering services related to their interests, backgroumd or

travel motives. The medium sized business will usually offer a blend of travel products, while the larger agency may be very diversified, with specialists for each type of travel.

There are five main types of travel you might handle:

1. Commercial Travel is undertaken for the purpose of conducting business. There are pros and cons of catering to commercial travellers. It is not a seasonal business, and will therefore result in a steady cash flow. On the other hand, it usually consists of transportation only and therefore the return to the agency is low.

2. Pleasure Travel involves arranging holidays for your customers. There are many methods of specializations: geographical areas, transportation modes or age groups. Commissions are higher for this type of travel since much more than transportation is usually sold. Pleasure travel is the main source of income for many agencies.

3. Ethnic Travel is travel by specific ethnic groups from Manitoba to their homeland. Travel agencies specializing in ethnic travel are popular in Canada because of our large ethnic population. Ethnic travel usually involves only transportation, but the little time involved in arranging these trips make it profitable.

4. Group Travel involves many people travelling together in a total packaged tour, including hotels, sightseeing, etc. Arranging group travel is a very profitable business. Some travel agencies specialize in group travel, but most handle only one or two groups annually.

5. Inbound Travel is a relatively new concept in travel agenting. Inbound travel caters to people coming into the area. An example of this would be setting up an itinerary of events for the spouses of business people at a convention. This might include a shopping day, cultural day, recreational day, etc. Formerly, this service was handled by tour operators and escort services, recently, travel agencies have entered the market.

There are both advantages and disadvantages to being a specialized agency. The agents need to know only one area of the business, so they become well informed and thus can provide a better service to the consumer. As well, the agency will deal with only a few suppliers, so it can develop a better working relationship with those suppliers. There are, of course, disadvantages in having "all your eggs in one basket". Depending on one airline or one tour operator for most of your business can be risky. Your agency's

fortunes will be tied to that supplier, so if they increase prices or incur financial difficulties you likely will as well. Similarly, if you specialize in a certain geographical area, business could be hampered by earthquakes, hurricanes, or revolutions.

LOCATIONS

One decision you must make concerns the location of your agency. Several factors should affect your choice of location. They include:

(a) competition;
(b) prospective customers in the area;
(c) accessibility and visibility of the site;
(d) cost.

Location is not as important to a travel agency as it is to many other types of retail establishments, because a travel agency is selling a specialty type of product. people do not usually browse through a travel agency, nor do they make travel decisions on the spur of the moment. If they require travel services, they will find an agency which provides that service. Their choice of an agency may be guided by location, previous experience, or by the recommendation of a friend or relative. It is not critical, therefore, that a travel agency be located on a site which has high traffic density passing by (for the rent will be correspondingly high).

It is important that the location be accessible, and that it have adequate parking facilities and public transportation service (in a city) to meet customers' needs.

The number of alternatives you have will depend, of course, on the size of the community in which you wish to locate. In a smaller centre, a critical element is the number of competitors, and whether or not the existing demand warrants the establishment of another travel agency. In some Manitoba centres, entrepreneurs operate travel agencies as second businesses to augment insurance agencies or other such services.

A shopping centre, with its high traffic flows, might be considered a prime location. However, the rental costs for such space are relatively high. you must consider as well that you will have to conform to provisions of your lease governing such things as hours of operation — which might increase your staffing needs.

In some cases, clients deal with a travel agency because it is conveniently located. More likely, the quality of service offered will be the determining factor. It is important to have a site which is visible and easily accessible, especially for the newly established agency.

In a city, you might consider the pros and cons of locating in the suburbs. A downtown agency will be near commercial traffic, but competition will be greater. A suburban location offers better parking, and exposure to pleasure travelers, but decreased levels of traffic.

When considering a location, it is important to look to the future, and to speculate about trends that may affect the neighbourhood, city, or town in which you are planning to locate. Analyze population trends, zoning plans, development and construction plans, and so on. Obviously certain areas and communities have brighter futures and offer greater potential for the beginning business than do others.

LEASING

Having decided on a location, and assuming that you will not be constructing or purchasing your own building, the next consideration is the lease. The lease agreement should clearly specify all of the liabilities and duties which are assumed by both parties, the lessor and the lessee. Once the lease has been drawn up, you should have it reviewed by your lawyer to insure that your interests are protected and that all relevant aspects of occupancy have been covered. One clause that should be included in virtually all lease agreements is one which permits you, the tenant to sublet the premises in the event of business failure or business relocation. Most lease payments are made in a set monthly amount (a flat rental fee) but becoming increasingly common is the method whereby a percentage of total annual gross sales is paid in addition to the fee.

With property prices rising rapidly, you must consider the advantages and disadvantages of long-term and short-term leases. Rents may increase rapidly with a short-term lease but, on the other hand, if the location proves unsuitable you can move. The lease payment is fixed for a much longer period with a long-term lease, but you are also committed to that location and to making those payments for that period. If you wish to move or cease operations, given the terms and conditions of your lease, you may have to find a tenant to sublet.

STARTING AN AGENCY

As with most new businesses, travel agencies make very little money in their first year. However, travel agencies are even harder hit than other new businesses. Agencies cannot issue plane tickets until they gain formal approval from the various conferences that govern travel. The travel agency acts on behalf of and receives a commission from industry principals, such as airlines, tour operators, hotels, etc. Many industry organizations will not pay commission to travel agencies unless the agency maintains a certain level of sales. The level of sales is usually based on the size of the agency and the area it is servicing.

Additionally, due to the high costs of providing an agency with brochures and sales visits, many tour operators stipulate that a minimum sales quota be met before receiving a commission/sales props. Most hotels and ground transportation companies do not have minimum required sales levels, however, it is always wise to check.

For those considering starting their own agency it is recommended that you have between $40,000 - $50,000 working capital to carry your agency through the first year.

BUYING AN EXISTING OPERATION

Instead of establishing your own agency, another possibility to consider is the purchase of an existing agency. The purchase price would normally be negotiated to include all fixtures, equipment, goodwill, etc. It is critical

to take sufficient time and to make an effort to assess the operation in order to avoid making a poor purchase decision.

To evaluate the worth of an agency, a rule of thumb used is that the agency is worth between 4 and 8 percent of the average annual gross sales. For example, an agency grossing $1,000,000 in sales could be worth up to $80,000 if you felt that it had a favourable sales mix and that it required few changes.

During your investigation, attempt to find out the true reason for selling. Is it because the location has been rezoned, or is it really because the owner is moving? Verify the firm's operational viability as far as possible by examining the financial records and the most up-to-date financial statements. Check the credit rating of the firm and its reputation with the travel industry. A poor reputation may be impossible or costly to change. Finally, study the area. Careful consideration of all these factors is essential before buying an existing operation.

If you decide to purchase, the seller may co-manage the business with you during the transition period, which would allow you to become familiar with the clientele, and with the operation.

FRANCHISING

Recently, franchises have become a popular alternative to opening your own travel agency in Manitoba. There are advantages and disadvantages to operating a franchise outlet.

Franchises offer established images and formulas and may thereby improve chances of achieving initial success. Assistance is offered in choosing a location, financing the building, training, accounting, inventory selection and general management. The franchisee is less apt to make costly errors since the franchisor's established formula is there to follow. Unfortunately, that same formula may be somewhat restricting as the business begins to develop. For example, the franchisee may not be able to expand the business by opening another outlet as an independent retailer can do. As well, the franchisee may not be allowed to purchase merchandise from other

than certain designated suppliers, even though a better deal might be available elsewhere.

The franchisee, of course, pays for the rights and advice provided. Sometimes you buy a formula within a certain price range (for example, $30,000, and/or you pay a percentage of your sales. It is important to thoroughly examine the franchise agreement in order to identify all the costs associated with the franchise, and the benefits to be received for the franchise fee.

There are a number of other points to consider in the agreement:

- who decides on the location?
- does a building have to be constructed?
- do fixtures and merchandise have to be purchased from a specific supplier?
- is your territory protected? For how long?
- do you have the right to set or adjust prices?
- what will your payment terms be?
- what other controls exist (over advertising, hours of business, etc.)?

Review any franchise agreement with your lawyer for terms and conditions before agreeing to take the franchise.

OFFICE DESIGN & LAYOUT

The layout of the agency is an important consideration. Plans for the layout should be developed during the initial planning stages, before equipment is ordered and installed. The layout should be kept simple in order to minimize costs. Modern lines of design and some creativity can pay off in increased sales.

Remember, your office should instill confidence in clients, by appearing efficient, yet comfortable. The atmosphere should be warm and friendly, encouraging clients to chat about their expectations and the features they desire.

You may wish to have a theme for your agency. For example, wicker furniture, plants, and bright wallpaper can give a tropical appearance. Or the theme can be changed often with the use of travel posters, costumes for the agents or refreshments from the theme area. Don't be afraid to use your imagination.

One important aspect of office design is the display window. The window gives customers their first impression of the agency. Display windows are a very effective, yet inexpensive means of promoting your business. Airlines and tour operators will supply window posters, brochures and props. The key to an effective window display is variation in order to catch the eye of those people who walk by your window every day.

ADVERTISING AND PROMOTION

Advertising is used to create interest in your outlet as well as to inform the public of your existence. There are many media at your disposal. Among the most important are television, radio, newspapers, and the Yellow Pages. Although television has the potential to reach the greatest audience, the costs involved may be prohibitive. Radio advertising costs are lower than television, and consequently allow you to stretch your advertising dollar further. Also, certain radio stations and certain programs reach selected markets which may coincide with your target market. The print medium enables you to reach the market at an even lower cost, but may not allow you to zero in on your potential customers. You can select from newspapers with provincial exposure (The Winnipeg Free Press) to ones with more local emphasis (The Steinbach Carillon News).

Travel agencies are often able to "hook" on to nationally sponsored advertisements of large hotels, carriers and resorts. Local agencies purchase advertising space at a nominal fee, printing their name, address and tele-

phone number below the ad. This opportunity gives an agency the appearance of strength by being associated with the large company.

Cooperative advertising is also available to travel agencies. this is a cost sharing method usually between a tour operator and a travel agent. It is similar to the "hook" arrangement in that the operator supplies a nationally recognized ad and the agency is noted as the local contact.

Public relations is a form of promotion, which involves building the agency's reputation or image. It can be more beneficial to your agency than advertising or sales promotions. You may wish to sponsor local sports for fairs or school dances. Your agency can offer to give travel films and talks to local organizational meetings. Public relations is a fairly inexpensive means of promoting your business, often yielding excellent results.

PERSONNEL

Most travel agencies sell the same products at the same prices as their competition. The courtesy, service, and the agents willingness to help is what makes customers return. Therefore, the people you hire to work in your agency are of the utmost importance in determining the ultimate success of your business.

IATA, ATAC and the airlines all have requirements regarding the staffing of an approved travel agency. Most require that at least two agents work fulltime; one agent must have two years fulltime experience, while another agent must have had at least one year's experience in airline ticketing and reservations.

Prospective employees should be carefully screened and successful candidates trained thoroughly in the operations and policies of your business. Agents should be well acquainted with all products being sold.

TRAINING

Travel counselling and servicing are the primary functions of a travel agency. Profit for an agency is derived from sales made by the agency's counsellors. Therefore, it is essential that the agency provide staff with the knowledge and professionalism necessary to serve the customer with maximum efficiency, thus making it worthwhile for an agency to invest in trained, qualified staff.

SECURITY

Poor security can result in a great many problems, including theft (both internal and external), uncollectable credit card sales, excessive bad cheque losses, etc. Employee dishonesty takes various forms, including unauthorized discounts and cash register shortages. Controlling employees and preventing such dishonesty begins in the hiring process. Investigate work histories and check references before hiring any prospective employee. Since a feeling of being part of a team can reduce the incidence of dishonesty, attempt to instill in the workers a sense of agency loyalty.

The airlines require that ticket stocks be kept in a secure place, notably a safe or a steel fireproof cabinet.

The following are suggestions to help you keep security problems to a minimum:

1. When taking cheques, carefully examine all identification.
2. When taking credit cards, check the list of stolen cards, check customer signatures, and get telephone authorization if necessary.
3. Check all employee work history when hiring to help keep internal theft to a minimum.
4. Work with your local police department and consult them whenever necessary.

AUTOMATION

Travel agencies are quickly becoming automated in order to provide faster and more efficient service. Approximately 90% of all travel agencies now have computer capabilities. As more agencies acquire computer services, they become a necessity for all.

With automated equipment, the travel agent can be more efficient in servicing the needs of clients, while saving time and money. Direct contact with suppliers facilitates dealing with exceptional circumstances.

There are a number of reservation systems available in Canada. The most prevalent system is Air Canada's ReserVec II, which provides access not only to Air Canada flights, but also to a number of other air carriers, hotels, rental agencies and so on. The 'hardware' for any system consists of a CRT (remote terminal) and a ticket printer. Air Canada's system is not the only one available, nor does it provide comprehensive access to all travel suppliers.

ACTA conducted a study of the two major players in the Canadian system, Air Canada's ReserVac II and Canadian Pacific's Pegasus. The concensus was that it would be most advantageous to have one Canadian System servicing all.

At the ACTA out of country Board Meeting held in Yugoslavia in September of 1986 a time limit was given to Air Canada and Canadian Pacific Airlines to advance their development of an 'independent switch' device.

Due to the take over of Canadian Pacific Airlines by Pacific Western Airlines it was agreed that both Air Canada and the new airline Canadian Airlines International Ltd. would relinquish their present systems and would form a new company to be known as Gemini.

In June of 1987 Gemini announced that they were progressing favourably with an 'independent switch' device and this innovation would allow agents to choose freely among the different computer booking systems now in use in Canada and would be the basis for the future goal of one Computer system in Canada for all Canadian agencies.

A computer capability allows the travel agent to make contact with many different suppliers without resorting to letter-writing, telephone calls or telexes.

All agencies, chains and franchises have begun to utilize computers to control the general business functions within the agency. These functions include all the bookkeeping and accounting -- accounts payable and receivable, payroll, and so on. Computers can also be used to maintain client histories.

It is advisable that a thorough cost/benefit evaluation should be done prior to purchasing a computer.

FINANCIAL RECORDS

Decisions made are only as good as the information upon which they are based. Proper records should be kept so that information about the financial status of the business is available. The information can tell you if any problems are being or are likely to be encountered. Problems such as sales volume lower than forecast, delinquent accounts receivable, or profit margins which are too low, may be brought to your attention. The constant monitoring of the business' financial situation can be achieved only if thorough records are kept. You, as a business person, have to know if things are proceeding according to plan. If they are not, you can take remedial action before it is too late.

It is not difficult to maintain a simple record keeping system sufficient for the needs of most small businesses. The exact requirements vary, depending on the volume of business, the number of customers and suppliers, the number of employees, whether or not credit is allowed to customers, and so on. Some of the records you may need include:

1. cash receipt journal used to record all payments made to the business;
2. cash disbursements journal used to record all payments by the business;
3. accounts receivable ledger used to keep a record of all amounts owed by customers;

4. general ledger used to keep a record of all accounts on the balance sheet.

As well, you may need a sales journal (recording all sales made on credit), an accounts payable ledger (a summary of amounts owed to suppliers, etc.), and a payroll journal (to record wages paid). You should, of course, make all payments by cheque, not by cash, and maintain an accurate cheque book.

Remember that the system you use has to provide information that is useful to you in making decisions about the business. Having an accountant prepare annual statements (which you may have difficulty interpreting in a useful manner) is not enough. You have to understand the record system and the information that it provides for it to be a part of your financial planning process.

The data contained in your records can be thoroughly analyzed to provide more clues about what exactly is happening to your business. You can, for example, compare your financial status to that of other similar businesses. There are certain key financial ratios to use in making your comparison. These ratios include, for example, current assets to current liabilities, gross profit to sales, net profit to sales, and so on. Operating ratios for Manitoba Ticket and Travel Agencies are shown in Appendix A.

You are required by law to provide statements to the taxation authorities, but a more important purpose of keeping financial records is to enable you to monitor the progress of your business.

A special type of accounting is used for processing and reporting airline ticket sales. The Bank Settlement Plan (BSP) is employed by member airlines of IATA to make settlements for all airline tickets sold. You are required to report cash sales and credit sales less commissions for all airlines on one statement, and each week the total net sales are drawn from your bank. BSP will then return to you a computer printout of sales, reporting cash and credit sales, commissions per sale, sales per airline, etc. This printout can be an important tool in financial planning. IATA has published an instruction manual to familiarize the counsellor with BSP ticketing.

SUMMARY

Planning will not ensure the success of your enterprise, but it certainly will improve your chances. Remember too, that if your analysis predicts that the business will not be profitable, then do not ignore that analysis and plunge ahead. Do not take starting the business as a foregone conclusion. Financial planning is one part of your business plan, the elements of which bear repeating. The time you take before starting your business and later, while it is underway, to plan and to monitor those plans could be your most important investment. Failure to do so would be to start off down the highway without a road map, not knowing how to get where you want to go.

1. State your goals and objectives;
2. Determine the potential market for your products;
3. Evaluate the location (new or existing);
4. Decide on the office interior and exterior layout;
5. List sources of supply, terms, and an inventory of requirements;
6. Outline your promotional policies and strategies;
7. Develop management policies and practices for handling agency personnel;
8. Conduct a complete financial analysis of the business;
   - determine capital cost expenditure,
   - determine operating costs,
   - develop financial information for sourcing of funds and control;
9. Establish an expense control system (accounting procedures).

Feel free to call the Centre and arrange to meet with one of the counsellors if you wish to discuss your business proposal or seek advice in this regard.

Dept. of Industry, Trade & Tourism
Business Resource Centre
6th Floor - 155 Carlton
Winnipeg, Manitoba
R3C 3H8

Phone: 945-7738
Toll free in Manitoba
1-800-282-8069

Western Regional Office
P.O. Box 1300
231 - 10th Street
Brandon, Manitoba
R7A 6N1

Phone: 726-6250

APPENDIX A

TABLE 1. Selected operating ratios, in percent of sales, 1987

Manitoba, Ticket and Travel Agencies (SIC 9961)

	Total (1)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses - sample no.	31				
Low sales value ($000's)	(1)	--	--	--	--
High sales value ($000's)	(1)	--	--	--	--

Selected expense item	Industry average (2)					% businesses reporting	Reporting businesses only (3)				
	Total	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%		Total	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
	Percent of sales						Percent of sales				
Cost of sales	3.4	--	--	--	--	7.0	48.3	--	--	--	--
Occupancy expenses	16.2	--	--	--	--	100.0	16.2	--	--	--	--
Depreciation	1.8	--	--	--	--	98.3	1.8	--	--	--	--
Repairs & maintenance	0.3	--	--	--	--	35.6	1.0	--	--	--	--
Heat, light & telephone	3.3	--	--	--	--	79.7	4.1	--	--	--	--
Rent	10.8	--	--	--	--	88.4	12.2	--	--	--	--
Personnel expenses	50.0	--	--	--	--	97.5	51.3	--	--	--	--
Financial expenses	4.1	--	--	--	--	97.5	4.2	--	--	--	--
Interest & bank charges	1.4	--	--	--	--	86.1	1.6	--	--	--	--
Professional fees	2.7	--	--	--	--	97.5	2.7	--	--	--	--
Other expenses	32.5	--	--	--	--	100.0	32.5	--	--	--	--
Profit (loss)	-6.1	--	--	--	--	97.5	-6.3	--	--	--	--
Total	100.0	--	--	--	--	100.0	...	--	--	--	--

Symbols
- \- zero or no observations
- -- too small too be expressed
- ... not applicable
- x confidential

Footnotes

(1) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

(2) Value in each cell = $\frac{\text{Total weighted expenditure on a given item}}{\text{Total weighted sales of all businesses in the sample}} \times 100$ for each quartile.

(3) Value in each cell = $\frac{\text{Total weighted expenditure on a given item}}{\text{Total weighted sales of businesses reporting this item of expenditure}} \times 100$ for each quartile.

This portion of the table pertains only to the businesses reporting the specific expense item. Therefore these ratios are calculated individually and the total will not necessarily equal 100%.

Notes

Data are shown by quartiles when at least 13 of the sampled businesses report the specific item.

Records were ranked in ascending order according to sales size. Each quartile (i.e. bottom 25%, lower middle 25%, etc.) represents one quarter of the total number of businesses. Within each quartile, the average ratio is presented. For comparison purposes, the high and low values of sales are shown.

How to use the tables

(1) Locate the appropriate sales range that is displayed on the two lines entitled "Low sales value" and "High sales value".
(2) The selected range will indicate the proper quartile, i.e. the bottom 25%, the lower middle 25%, the upper middle 25% or the top 25%.
(3) Data pertaining to the selected sales size range will be in that quartile.

Standard Industrial Classification Definition (SIC 1980):

SIC 9961 - Ticket and Travel Agencies
Businesses primarily engaged in furnishing travel information, acting as agents in arranging tours, accommodation and transportation for travellers or acting as independent agencies for transportation establishments. Included are businesses engaged in booking accomodation for travellers, booking transportation for travellers, travel arranging, travel booking and planning services, travel information services and vacation travel services.

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

TABLE 2. Balance sheet profile for incorporated businesses only, 1987

Manitoba, Ticket and Travel Agencies (SIC 9961)

	Total(1)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample (No.)	24				
Low sales value ($000's)	(1)	--	--	--	--
High sales value ($000's)	(1)	--	--	--	--
			Average ($000's)		
Assets					
Cash	-	--	--	--	--
Accounts and notes receivable	35	--	--	--	--
Inventory	-	--	--	--	--
Other current assets	76	--	--	--	--
Total current assets	111	--	--	--	--
Fixed assets	11	--	--	--	--
Less: Accum. dep. on fixed assets	-	--	--	--	--
Other assets	15	--	--	--	--
Total assets	**137**	--	--	--	--
Liabilities and equity					
Current loans	13	--	--	--	--
Other current liabilities	60	--	--	--	--
Total current liabilities	73	--	--	--	--
Mortgages payable	-	--	--	--	--
Long term debt	1	--	--	--	--
Other liabilities	11	--	--	--	--
Total liabilities	**85**	--	--	--	--
Total equity	**52**	--	--	--	--

(1) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

See Table 1 for symbols and notes.

TABLE 3. Financial ratios(1) for incorporated businesses only, 1987

Manitoba, Ticket and Travel Agencies (SIC 9961)

	Total(2)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample (No.)	24				
Low sales value ($000's)	(1)	--	--	--	--
High sales value ($000's)	(1)	--	--	--	--
			Average		
Liquidity ratio					
Current ratio (times)	1.5	--	--	--	--
Leverage ratios					
Debt/equity ratio (times)	1.6	--	--	--	--
Interest coverage ratio (times)	...	--	--	--	--
Debt ratio (times)	0.6	--	--	--	--

(1) The ratios represent the average of ratios for each business in the group and cannot be calculated from the figures shown in Table 2.

(2) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000.

See Table 1 for symbols and notes.

Definitions:

1. Liquidity ratio:

Current = current assets / current liabilities.

2. Leverage ratios:

a) Debt/equity = total liabilities / equity.
b) Debt ratio = total liabilities / total assets.
c) Interest coverage = net profit + interest expense / interest expense.

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

TABLE 4. Statement of changes in financial position for incorporated businesses only, 1987

Manitoba, Ticket and Travel Agencies (SIC 9961)

	Total(1)	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
Businesses in sample, No.	1	--	--	--	--
Low sales value ($000's)	1	--	--	--	--
High sales value ($000's)	1	--	--	--	--
		Average $000's			
Operating activities					
Cash from operations	X	--	--	--	--
Depreciation	X	--	--	--	--
Other	X	--	--	--	--
Dividends	X	--	--	--	--
Investment activities					
Disposal of fixed assets	X	--	--	--	--
Purchase of fixed assets	X	--	--	--	--
Increase in investment	X	--	--	--	--
Decrease in investment	X	--	--	--	--
Financing activities					
Increase in long term debt	X	--	--	--	--
Repayment of long term debt	X	--	--	--	--
Loans from shareholders	X	--	--	--	--
Repayment of loans from shareholders	X	--	--	--	--
Advances & loans from government	X	--	--	--	--
Increase in equity	X	--	--	--	--
Decrease in equity	X	--	--	--	--
Other	X	--	--	--	--
Increase(decrease) in cash & equivalents	X	--	--	--	--
Cash & equivalents-Beginning of the year	X	--	--	--	--
Cash & equivalents - End of the year	X	--	--	--	--

(1) These estimates are based on a sample of incorporated businesses reporting sales between $25,000 and $2,000,000. Sample count includes only those businesses reporting a statement of changes.
See Table 1 for symbols and notes.

TABLE 5. Employment changes by size of business, 1984-1987 based on SIC classification in 1987

Manitoba, Ticket and Travel Agencies (SIC 9961)

Business size expressed in average labour units(1)	Number of businesses	Total payroll ($000's)	Average labour units(1)	Changes in number of businesses with paid employees: Newly reporting(2)	Changes in number of businesses with paid employees: No longer reporting(3)
1984					
Total	111	8,035	455	14	11
less than 20	100	5,111	290	12	10
20 - 99	5	1,291	73	2	-
100 - 499	5	X	68	-	-
500 and over	1	X	24	-	1
1987					
Total	130	9,572	539	19	...
less than 20	125	7,437	419	18	...
20 - 99	-	-	-	-	...
100 - 499	4	X	59	1	...
500 and over	1	X	61	-	...

(1) Average labour units are calculated by dividing total payroll by the average annual wage and salary rate as reported in the *Survey of Employment, Payroll and Hours*, Statistics Canada, Catalogue 72-002. An average labour unit could be interpreted as a full-time employee. Note that the business size groups used are determined at the Canada level. Thus if a business has at least 500 employees in Canada as a whole but less than that number in any given province it is shown in the 500 and over group.
(2) Refers to businesses reporting no payroll deductions in the previous year.
(3) Refers to businesses reporting no payroll deductions in the following year.

"Newly reporting" and "no longer reporting" businesses are assumed to have been in activity for six months and the information is adjusted accordingly.

See Table 1 for symbols and notes.

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

TABLE 6. Selected operating characteristics of small businesses by sales quartile, 1985-1987

Manitoba, Ticket and Travel Agencies (SIC 9981)

	Total[1]	Bottom 25%	Lower middle 25%	Upper middle 25%	Top 25%
			1985		
Number of observations in sample	15				
Average sales $	185.210	--	--	--	--
Average expense $	174.386	--	--	--	--
Average net profit (loss) $	10.824	--	--	--	--
Businesses reporting a profit (No.)	15				
Average sales $	185.210	--	--	--	--
Average expense $	174.386	--	--	--	--
Average net profit $	10.824	--	--	--	--
Businesses reporting a loss (No.)	-				
Average sales $	-	--	--	--	--
Average expense $	-	--	--	--	--
Average net loss $	-	--	--	--	--
			1986		
Number of observations in sample	21				
Average sales $	350.429	--	--	--	--
Average expense $	327.055	--	--	--	--
Average net profit (loss) $	23.374	--	--	--	--
Businesses reporting a profit (No.)	19				
Average sales $	351.948	--	--	--	--
Average expense $	328.399	--	--	--	--
Average net profit $	23.549	--	--	--	--
Businesses reporting a loss (No.)	2				
Average sales $	379.784	--	--	--	--
Average expense $	398.568	--	--	--	--
Average net loss $	-18.784	--	--	--	--
			1987		
Number of observations in sample	38				
Average sales $	281.331	--	--	--	--
Average expense $	286.829	--	--	--	--
Average net profit (loss) $	-5.498	--	--	--	--
Businesses reporting a profit (No.)	24				
Average sales $	248.683	--	--	--	--
Average expense $	233.505	--	--	--	--
Average net profit $	15.158	--	--	--	--
Businesses reporting a loss (No.)	12				
Average sales $	308.830	--	--	--	--
Average expense $	332.620	--	--	--	--
Average net loss $	-25.790	--	--	--	--

(1) These estimates are based on a sample of businesses reporting sales between $25,000 and $2,000,000

See Table 1 for symbols and notes

SOURCE: Small Business and Special Surveys Division, Statistics Canada.

APPENDIX B

TRAVEL TRENDS

Tourism stimulates economic growth and prosperity in all provinces. Each year, foreign visitors and Canadian travellers spend almost $21 billion while travelling in Canada. In 1987, foreign visitors spent $6 billion, making tourism Canada's third largest single foreign exchange earner. Tourism generates nearly $14 billion in direct income and provides direct employment for nearly 600,000 Canadians. It also generates $9 billion in revenue for all levels of government.

The U.S. tourism "product" - including sun, beaches, exciting cosmopolitan cities, wilderness, gambling, and a deregulated airline industry - has made travel within the U.S. increasingly less costly and in the process attracted large numbers of Canadians.

In 1983 Canadian tourists spent $3.2 billion in the U.S., a 21 percent increase over 1982 spending in that country. Canadian travellers staying overnight or longer in the U.S. in 1983 increase 16 percent, while American visitors to Canada declined one percent. During the first nine months of 1984, however, thee was an 8.4 percent decline in Canadian arrivals in the U.S. while U.S. arrivals in Canada were up 7.8 percent during that period.

According to the latest available Statistics Canada data, Canadians continue to visit countries other than the United States in record numbers. The figures suggest that changes in the exchange rate - rather than the weakness of the value of the Canadian dollar against the U.S. dollar, but the strength against the currencies of most other countries - is influencing travel plans.

During the first quarter of 1985, the number of Canadians visiting the United States decreased by 2.5 percent from a year earlier to 7.8 million. At the same time, the number of Canadians visiting other countries shot up 16.6 percent to 698,800.

Meanwhile, 4.7 million U.S. residents entered Canada, up 3.1 percent, while visitors from other countries increased by 4.2 percent to 188,500.

PROMOTIONAL EXPENDITURES FOR TOURISM

Federal/Provincial/Territorial in Millions of Dollars

	1979/80	1980/81	1981/82	1982/83	1983/84
Newfoundland	0.9	0.6	0.8	0.8	0.5
P.E.I.	0.8	0.8	0.6	0.8	1.4
Nova Scotia	N.A.	1.9	2.7	3.6	3.8
New Brunswick	1.5	1.9	2.2	3.0	2.2
Quebec	4.5	5.0	5.5	8.8	13.0
Ontario	13.4	16.4	19.1	22.0	22.0
Manitoba	1.6	1.8	2.2	2.5	2.5
Saskatchewan	0.7	0.8	0.8	0.8	0.8
Alberta	1.9	3.2	3.7	4.4	4.4
British Columbia	4.5	4.5	4.5	8.1	8.0
Yukon	0.3	0.4	0.4	0.8	0.8
NW Territories	0.3	0.3	0.3	0.2	0.2
Total					
Provincial/Territorial	30.4	37.6	42.8	55.8	59.6
Federal	22.5	24.5	30.0	32.0	34.3

Source: Canadian Travel News, November 1984, Microfiche information received from Alberta Department of Business Development and Tourism.

APPENDIX C

THE TOURISM ENVIRONMENT

In developing a strategic plan for Tourism in Manitoba, the tourism environment is a critical part of the overall analysis. What is proposed in Manitoba must be done against a background of current and projected future trends.

1. Domestic travel in the 1980's

Total travel by Canadians within Canada increased 20.1% and overnight travel by 6.7% between 1980 and 1988. Between 1980 and 1984, travel declined but by 1988 the volume surpassed 1980 with the following exceptions:

(a) overnight pleasure travel decreased by 9 percent or nearly 3 million person trips.
(b) total bus travel and overnight bus travel decreased by 12 and 24 percent respectively.
(c) overnight trips of 10 nights or more decreased by 19 percent.
(d) Nova Scotia, New Brunswick, Quebec and Saskatchewan registered losses as provinces of origin for overnight travel; while Prince Edward Island, Nova Scotia, Quebec and Saskatchewan registered losses as provinces of destination.
(e) Manitoba reported a gain as both a province of origin and of destination.
(f) While Manitoba reported an overall gain as a province of destination, it showed a loss of 133,000 interprovincial overnight trips. The loss of non-resident travel was more than made up for by an increase (343,000 trips) in the number of trips that stayed within the province.
(g) Manitoba was more dependent upon the internal market in 1988 than it was in 1980. It was not unique among Canadian provinces in this regard.
(h) The automobile remained the most popular form of transportation for domestic travel, just under 90% of all trips and 87% of overnight trips. Air travel grew in importance during the decade at the expense of other commercial modes.

2. International Travel

(a) Outbound overnight travel by Canadians to the United States grew by 22% while that to all other foreign countries jumped by 77%.
(b) Overnight pleasure travel to foreign destinations grew at a faster rate than total travel. The increase in the number of these trips exceeded 2 1/3 million.
(c) Foreign travel into Canada grew by 16% from the U.S.A. and 49% from all other foreign countries.
(d) Manitoba did not share in this growth of foreign travel, it showed decreases in travel from both the U.S.A. and all other foreign countries.

3. Summary of Canadian Travel

Travel within, into and out of Canada grew during the 1980's. The duration of domestic trips in time and distance shortened with the result that the intraprovincial market assumed more importance in most provinces, including Manitoba. The loss of nearly 3 million domestic overnight pleasure person-trips in a market where total travel is growing should cause Canadians to look seriously at the quality of products being offered.

4. Some Global Trends

There are some global trends in tourism that must be considered in the planning of future tourism development and marketing.

(a) The markets are becoming more and more segmented. Thus the task of providing a product matched to a segment will demand an in-depth knowledge of the markets and the ability to translate the experiential needs of the segment into an appropriate bundle of location, facilities, services and amenities. Each segment will have to be marketed to specifically - tourism must adopt niche marketing in practise.

(b) Mass tourism may have reached its zenith and could experience some severe declines in terms of either absolute numbers or quality of the market. There are signs in Europe that the stretches of concrete blocks, poor service, high prices and environmental pollution is hurting the major sand, sun, sea destinations of the Mediterranean.

(c) As an alternative to mass tourism, there are emergent market trends that call for destinations to provide an authentic, sympathetic, quality experience.

(d) The markets rate the opportunity to increase knowledge as an important factor in selecting a destination. Increasingly, the tourist wants to get behind the scenes of a destination - to understand the host's language, culture, history, cuisine and everyday life.

(e) Competition from new destinations and from the revitalization of old ones is increasing. The emergence of a Single European Community by 1992 will make Europe a much attractive destination. The recent events in Eastern Europe have opened up new destinations that will be highly attractive. Australia, parts of Asia and South America are all becoming more aggressive competitors. The consumer will have more choice -- the quality of the product offered will be critical.

(f) In the Single European Community, the days of national marketing may be over. The successful marketer in the new Europe must identify his market segments across national boundaries and develop an activity that targets on common needs but different demographics.

Associations

Air Traffic Conference of America (ATC)
1709 New York Ave., NW
Washington, DC
20036

Air Transportation Association of Canada (ACTA)
747 Metropolitan Life Building
Ottawa, Ontario
K1P 6B9
Ph. (613) 233-7727

International Air Transport Association (IATA)
2000 Peel Street
Montreal, Quebec
H3A 2R4

Alliance of Canadian Travel Associations -- Manitoba
#9 - 1680 Ellice Avenue
Winnipeg, Manitoba
R3H 0Z2

Alliance of Canadian Travel Associations
130 Albert Street
Suite 1207
Ottawa, Ontario
K1P 5G4
Ph. (613) 238-1361

Canadian Institute of Travel Counsellors of Manitoba
817 Parkhill Street
Winnipeg, Manitoba
R2Y 0V4

Trade Journals

Canadian Travel Courier
MacLean Hunter Ltd.
777 Bay Street
Toronto, Ontario M5W 1A7
Ph: 416-596-5806

Travel Week Bulletin - $34 per year
P. O. Box 575, Station F
Toronto, Ontario
M4Y 2L8
Ph. (613) 924-0963

Travel Weekly - $24 per year U.S.
P. O. Box 5830
Cherry Hill, New Jersey 08034
Ph. (609) 795-7012

Personnel Guide to Canada's
Travel Industry
Baxter Publishing Co.
310 Dupont St.
Toronto, Ontario M5R 1V9
Ph: 416-968-7252

Canadian Travel News
Southam Communications Ltd.
1450 Don Mills Road
Don Mills, Ontario M3B 2X7
Ph: 416-445-6641

Publications

Travel Courier
777 Bay Street, 5th Floor
Toronto, Ontario
M5W 1A7